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SUBJECT: DIRECTOR'S INTRODUCTORY CALL ON PFP CHAIRMAN JAMES  
SOONG, APRIL 11, 2006

Classified By: Director Stephen M. Young, Reason(s): 1.4 (B/D).

11. (C) Summary: People First Party (PFP) Chairman James Soong (Chu-yu) told the Director on April 11 that the PFP supports the purchase of P-3C aircraft and submarines, and is in favor of increasing Taiwan's military budget to three percent of GDP. Soong says he understands that Taiwan must maintain strong defenses to preserve the status quo while waiting for China to democratize. The problem now, Soong claimed, is that no party is willing to compromise for fear of appearing weak politically. End Summary.

China Will Change Over Time  
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12. (C) In his introductory call on PFP Chairman James Soong, the Director emphasized that the goal of U.S. policy is to foster a Taiwan that is more confident about its security. If Taiwan is coerced into reaching an agreement with China, the agreement will be meaningless, the Director pointed out. On the other hand, if Taiwan is capable of defending itself, it will be in a position to keep the PRC at arms' length until China democratizes and closer ties through dialogue becomes a real possibility.

13. (C) Soong said he believes an increasingly educated and affluent Chinese population will become dissatisfied with the PRC one-party system, and he echoed the Director's idea that an economically strong China could become an increasingly open China. Taiwan must teach China how to democratize, but at the same time must avoid becoming a rallying point for Chinese nationalism. A hostile, militarized China is not in anyone's interest, Soong and the Director agreed. Taiwan has a vested interest in seeing China liberalize in a gradual, stable manner, Soong said, but the liberalization process will take longer than anyone expects. Soong said no one can offer a solution to the question of unification today. Therefore, Taiwan's goal should be to give PRC leaders an excuse to tone down their nationalistic rhetoric.

14. (C) Soong recalled telling PRC President Hu Jintao in May 2005 that the Taiwan people would never accept communist rule, and that no one, on either side of the Strait, wanted war. Soong told the Director that, if the PRC were to become a liberal, democratic state like Taiwan, Taiwan would

consider the prospect of unification. But, if the PRC does not change, and insists on trying to force Taiwan to accept rule under the communist system, unification will never be a possibility. Soong remarked that he was taught to believe communist governments were corrupt, inefficient, and plagued by infighting. But, he discovered during his Beijing visit, President Hu actually worked closely and well with Vice President (and Jiang Zemin ally) Zeng Qinghong. Soong assured the Director he was still anti-communist and would never accept communist rule of Taiwan. But he admitted gaining a greater respect for his counterparts in Beijing after his visit.

15. (C) The Director responded that PRC leaders today are more sophisticated, but are still very wily. Any deal offered to the opposition Pan-Blue now might be very different from what the PRC would offer if and when the KMT return to power. The PRC leadership still thinks like communists and expects to dictate the terms of Taiwan's unification with the Mainland. Whoever the next president is, the Director said, he should expect to encounter problems with the PRC not dissimilar to the ones faced now by President Chen. China may liberalize and become more flexible in dealing with Taiwan in 10, 20 or more years. In that event, Taiwan and China may be able to work together to fashion a new sovereignty framework to replace the old "all or nothing" principle.

And Good Defenses Will Enable Taiwan To Wait  
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16. (C) The Director continued that the core U.S. concern is to preserve the close U.S.-Taiwan relationship that has enhanced regional stability and fostered Taiwan's democratic and economic advances. The U.S. also wants to encourage a

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better domestic political climate in Taiwan, so that Taiwan's political parties are able to rise above partisan bickering to act responsibly on Taiwan's national defense needs. The Director stressed that Taiwan attracts less support in Washington than it did before because there is a concern that Taiwan is not willing to bear its fair share of the defense burden.

17. (C) Soong said he fully understands that Taiwan needs adequate defenses to keep its options open, and he reminded the Director that Presidents Chiang Ching-kuo and Lee Teng-hui sent him to the U.S. to negotiate Taiwan's purchase of U.S. military aircraft. Soong said he "basically supports" arms procurement, and stated that he and LY President Wang Jin-pyng had "worked out" an agreement that there would be no discussion of the PAC-III missile systems, in exchange for PFP cooperation toward the purchase of the P-3C antisubmarine warfare aircraft. Soong denied press reports that he was responsible for the KMT's inability to reach consensus on an alternative arms procurement package before Ma Ying-jeou's visit to the U.S. He claimed that he had not had a chance to discuss the matter with Ma before his March 19 departure to the U.S.

But Compromise Equals Weakness  
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18. (C) Soong said he recognizes that it is improper for Taiwan to entrust its defense entirely to the United States, and that leadership is necessary on the defense issue. However, in Taiwan's current polarized political environment, no party leader wants to give in for fear of being perceived as weak. Soong noted that he had backed away from his previous characterization of arms procurement as "wastrel spending," and said he now supports increasing Taiwan's defense budget to three percent of GDP. Surprisingly, Soong said the PFP strongly supports the purchase of submarines pending a favorable feasibility study. According to Soong, the problem for the PFP is not necessarily the price of the proposed weapons systems, but rather doubts as to whether the

proposed systems adequately meet Taiwan's defense needs.

¶9. (S/NF) The Director stressed that Taiwan should never feel that it has to "go it alone" in preparing for its own defense. Taiwan has a willing defense partner in the U.S. In addition to major arms sales, we are working with Taiwan on improving a host of other, smaller-ticket items like the upgrade of existing defense and communications systems, increasing U.S.-Taiwan joint operations capability, and hardening of existing military emplacements and infrastructure. The U.S. is simply waiting for a consensus proposal from the Taiwan side. The goal is not simply to negotiate this or that arms system, but to convince the PRC that any attack on Taiwan would exact an unacceptably high price. The Director urged Soong to work with DPP and KMT leadership to reach a consensus on Taiwan's minimum defense needs.

And There Is No Trust

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¶10. (C) Soong said his staff had worked closely with President Chen's advisers for several months to iron out the terms of their February 24, 2005 10-point consensus, aimed at increasing cross-party cooperation and reducing tensions across the Strait. Soong said the Beijing government responded positively only ten days later, offering to talk if "Taiwan leaders were willing to honor their February 24 commitment." Soong claimed the U.S. missed that opportunity to use its influence to push for cross-Strait talks, which he said could be characterized as "America's Failure in Taiwan." Shortly after reaching this consensus, Soong said, Chen publicly accused him of meeting secretly in Washington with PRC Taiwan Affairs Office Director Chen Yun-lin. These accusations were false, Soong told the Director, and had destroyed whatever good faith had been built up between Chen and the PFP.

¶11. (C) Soong noted that the Pan-Blue and Pan-Green do not

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trust each other, and the PRC does not trust President Chen. Dialogue is needed both within Taiwan and across the Strait to remedy this lack of trust and reduce cross-Strait tension.

Soong sought to excuse the Pan-Blues' unofficial diplomatic sorties to the PRC by arguing that Taiwan and the PRC must still communicate through proxies, i.e. the Pan-Blue opposition. Soong also argued that the cross-Strait relationship could benefit from more direct U.S. intervention. The Director responded that sometimes the most difficult thing in diplomacy is knowing when not to get directly involved, and that the U.S. must avoid becoming a wedge between Taiwan and China. Soong urged the U.S. to use its influence to push for direct government-to-government dialogue. The Director replied that the U.S. has repeatedly called upon Beijing to talk directly to Taiwan's elected officials, without preconditions.

¶12. (C) Comment: Soong's portrayal of his and the PFP's role in the ongoing defense procurement stalemate bears little resemblance to descriptions we have heard either from Pan-Blue or Pan-Green. All, including PFP LY members, have made clear that the PFP has been the most adamant opponent of moving defense procurement forward in any form.  
YOUNG